

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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**CDBG****Community Development Block Grant Program****MANAGEMENT MEMORANDUM****Memorandum Number 07-13****TO: Eligible Jurisdictions and Interested Parties****DATE: October 19, 2007****SUBJECT: USE OF CDBG FUNDS FOR HOMEOWNERSHIP CREDIT COUNSELING**

This memo addresses the statewide issue of sub prime loans to homeowners and the possibility of foreclosure, and notifies Community Development Block Grant (CDBG) eligible jurisdictions of their option to use CDBG funds for home credit counseling program activities.

The Department of Housing and Community Development (Department) will accept applications for this purpose on an Over the Counter basis under the 2007 Planning and Technical Assistance General Allocation (PTA General). Applications will be accepted until March 24, 2008 or until funds are exhausted.

Under the PTA General, jurisdictions can apply for up to \$70,000 to develop counseling programs for homeowners who are in need of assistance. Once the program plan is developed, the counseling program can be implemented. The implementation could also utilize PTA General funds and local program income funds.

Eligible jurisdictions may use CDBG funds to design a homeownership credit counseling program to provide:

- Credit Counseling
- Debt Management Plans
- Foreclosure Prevention
- Reverse Mortgage Counseling
- Money Management Education
- HUD Approved Homeownership Counseling and Education

The 2007 PTA application may be downloaded from the Department's Community Development Block Grant (CDBG) website at www.hcd.ca.gov/fa/cdbg. Please review the application carefully before submittal.

Our website also has CDBG Management Memos 07-10 and 07-11 with additional information regarding use of PTA funds for credit counseling.

If there are any questions regarding the 2007 PTA CDBG application process, please contact JoAnn Jacobs the PTA General Specialist at 916/552-9358.